

CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

Senator Proxmire Releases Economic Study
of Communist China

Senator William Proxmire, Chairman of the Joint Economic Committee, today announced the release of a two-volume study entitled "An Economic Profile of Mainland China." The study is in the form of a symposium containing papers by a score of invited specialists who are recognized authorities on the economy of China.

"Communist China seems to be torn between the notion of emphasizing growth and productivity in an effort to become a modern nation and the notion of becoming the dominant communist world power dedicated to changing the political structure of the world. The emphasis on industrial growth has been the prevailing one during recent years, under the leadership of Liu Shao Chi, President of China. But the Mao forces seem intent on reducing the role of general industrial growth and emphasizing armament and revolutionary world communism."

The Wisconsin Democrat went on to observe that, ironically, "the struggle that is now going on is costing China far more in terms of growth and development than her military and nuclear programs. Contrary to the idea that many people have, China's military and nuclear programs are not nearly so costly to the long-term development of the country as is the widespread cessation of production and the social confusion caused by the present revolutionary onslaught of the Mao forces."

The Chairman said that the Joint Economic Committee undertook the study to provide a basic economic framework for understanding what is going on in China. He said the study indicates that the economy of China has already gone through several phases. First was an attempt at rapid industrialization through conventional communism, somewhat similar to the policies followed in Russia 40 years ago. Then there was a short lived try at a "great leap forward" which failed and, in fact, set back economic performance by seven years. Then there was a return to a more pragmatic policy of stimulating economic growth through investment in industrial development with emphasis on making up for the mistakes and shortfalls of past policy. Now the economy is in a serious new crisis with fundamental divisions as to which road is to be followed.

The study is the outgrowth of a suggestion made last year by Senator Javits, then ranking minority member of the Committee, pointing out a study of the economics of Mainland China was not only desirable but was a natural supplement to the authoritative studies which the Committee has previously made of the Russian economy.

"The economic development of China is critical to the issue of war and peace in the world and to United States' understanding of its relations with Mainland China in the foreseeable future," Chairman Proxmire said. "That is why the Committee undertook to make a contribution to the knowledge of the subject. There are relatively few experts available, but perhaps for that reason they are inspired to vast diligence and study and are, hence, able to come up with information and conclusions which will help many Americans to understand the ups-and-downs of the Chinese economy since the new regime came to power in 1949. Preoccupied with the role of China in international politics today, we tend to neglect the economic side which has so largely shaped that same political posture."

Senator Javits, in congratulating Chairman Proxmire and the Committee on publishing the study, said: "The study is an historical piece of information for the American people. It will illuminate an area very little understood by Congress, the press, and the public. China's capacity to wage war or to cause other mischief abroad depends largely on its economic capacity. Our understanding of China's economic strength and its ability to use its resources will have a great bearing on the soundness of our own policy towards Communist China today and in the years to come. This study makes clear that Communist China's capability to provide massive military support for North Vietnam and the Vietcong could not be accomplished without seriously disturbing the already delicate balance which exists in its economy between available resources and irreducible needs."

The Chairman expressed the Committee's deep gratitude to the 20 experts who gave so generously of their time and talent to make the study possible. The individual scholars who have participated in the preparation of the present study are:

John S. Aird	Walter Galenson	Ta-Chung Liu
Arthur G. Ashbrook, Jr.	J. G. Godaire	Leo A. Orleans
John Ashton	Charles Hoffman	Robert L. Price
Loyal G. Bouchard	William W. Hollister	S. C. Tsiang
Chu-Yuan Cheng	Edwin F. Jones	K. P. Wang
John Philip Emerson	Milton Kovner	Yuan-Li Wu
Robert M. Field	Marion R. Larsen	

- 3 -

The Committee plans to hold hearings early in April at which Government officials and China experts will be asked to evaluate the present volume and develop further its implication to the United States policy.

While the supply of the two-volume study is extremely limited at the Committee offices, it will be sold by the Superintendent of Documents. The two volumes comprise 700 pages.

Attached is a brief summation of some major conclusions emerging from the study.